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# Key Items to Look for in a Proposal

**PCO Off-Site**

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# The Cost and Pricing Data

- The objective in requiring cost or pricing data is to enable the Government to perform cost or price analysis, and ultimately enable the Government and the contractor to negotiate fair and reasonable contract prices.

# The Authorities

- FAR 15.403-4 – Required Cost / Pricing Data
  - Subparagraph (b)(2) – “A certificate of current cost or pricing data … certifying that the best of its knowledge and belief, the cost or pricing data were accurate, complete, and current as of the date of agreement on price….”

# The Authorities

- FAR 31.204(a) – “Costs shall be allowed to the extent they are reasonable, allocable, and determined to be allowable….”
  - Reasonable – Are escalation rates “reasonable”?
  - Allocable – Are there B&P costs proposed that shouldn’t be charged directly to this contract?
  - Allowable – Are there unallowables proposed as determined by FAR 31.205 or by contract terms or advance agreements?

# The Authorities

- FAR 15.408, Table 15-2 – Instructions for Submitting Cost/Price Proposals When Cost or Pricing Data Are Required
  - Are all the necessary elements in the proposal?
  - Are the elements displayed as required by Table 15-2?

# Key Items
# Direct Labor

- Labor Hours
  - Summary of DL Category hours by Contractor Fiscal Year (CFY), not just GFY
  - Is there history available as support for the DL hours proposed?
  - If ongoing production, has the contractor and/or the contracting officer used Improvement Curve methodologies?

# Key Items
# Direct Labor

- Labor Rates
  - Are rates proposed in accordance with the current
    - Forward Pricing Rate Agreement (FPRA),
    - Interim Agreed-Upon Rate Recommendation (IARR), or
    - Forward Pricing Rate Proposal (FPRP)?
  - Are the escalation factors for proposed out-year DL rates reasonable?

# Key Items
# Indirect Rates

- Are rates proposed in accordance with the current
  - Forward Pricing Rate Agreement (FPRA),
  - Interim Agreed-Upon Rate Recommendation (IARR), or
  - Forward Pricing Rate Proposal (FPRP)?
- If none of the above, have DCAA examine the Kr's support for the proposed rates and provide an opinion.

# Key Items
# Direct Materials

- Consolidated Bill of Materials (BOM)
- Amounts proposed on basis of current vendor quotation, purchase order, inventory, catalog price
- Cost per item based upon vendor price for total number of items proposed, not a lesser amount (e.g. cost proposed on vendor quote for 1 item, while 1,000 items proposed)

# Key Items
# Subcontracts

- Did Prime Kr perform a Price-Cost Analysis (PCA) of the subcontract?
- If Sub Kr claimed proprietary cost data and gave Prime only fully burdened DL rates to establish cost, did Prime request Government audit of the subcontract proposal?
- Is Prime adding fee on subcontract fee?
- Is Prime proposing full fee on all subcontract costs?

# Key Items
# ODC

- Travel
  - Is the number of proposed trips reasonable?
  - If a significant number of trips, verify the high-dollar items; may be airfare, hotel rates, car rental rates, per diem
- Cost Estimating Relationships (CERs)
  - E.G.  Computer time; Repro
  - If significant costs, have DCAA verify the factors